Legislative Services Agency

MINUTES

Medical Assistance Projections and Assessment Council

August 31, 2005

MEMBERS PRESENT:

Senator Maggie Tinsman, Cochairperson
Senator Jack Hatch, Cochairperson
Senator Jeff Angelo
Senator Bob Dvorsky
Senator Amanda Ragan

Representative Danny Carroll, Cochairperson
Representative Deborah Berry
Representative Ro Foege
Representative Dave Heaton
Representative Mark Smith
Representative Linda Upmeyer

MEETING IN BRIEF

Organizational staffing provided by: Patty Funaro, Senior Legal Counsel, (515) 281-3040

Minutes prepared by: John Pollak, Committee Services Administrator (515) 281-3818

I. **Procedural Business.**

II. **Presentation by the Department of Human Services (DHS).**

III. **Iowa Collaborative Safety Net Providers Network Presentation.**

IV. **University of Iowa Hospitals and Clinics (UIHC).**

V. **Broadlawns Medical Center (BMC).**

VI. **Tour.**

VII. **Next Meeting.**

VIII. **Materials Distributed and on File With the Legislative Services Agency — Legal Division.**

I. Procedural Business.

Call to Order. Senator Maggie Tinsman called the initial meeting of the Medical Assistance Projections and Assessment Council to order at 10:08 a.m. in Committee Room 116 at the Statehouse.

Election of Cochairpersons. Several motions were made to nominate members for the position of Cochairperson. Senator Tinsman proposed that the nominees be elected by a combined vote. Representative Linda Upmeyer nominated Representative Danny Carroll. Senator Bob Dvorsky nominated Senator Jack Hatch. Representative Deborah Berry nominated Representative Mark Smith. Representative David Heaton nominated Senator Tinsman. After discussion, Senator Dvorsky made a substitute motion nominating Senators Hatch and Tinsman and Representative Carroll as Cochairpersons. The motion was approved on a unanimous voice vote.

Adoption of Rules. Cochairperson Tinsman asked Ms. Patty Funaro to provide an overview of the proposed rules distributed to the members, highlighting rules that differ from standard rules for joint legislative committees. Ms. Funaro noted that rule number six provides for terms ending upon convening of the 82nd General Assembly in January 2007, rule 7 prohibits members from appointing alternates, and rule 8 provides for regular quarterly meetings to be held at the seat of government on the second Wednesday of July, October, January, and April. Cochairperson Carroll proposed deleting from rule 8 the language regarding meeting on the second Wednesday and the language allowing an exception when that date is impracticable. Senator Dvorsky suggested removing the requirement to meet at the seat of government. Cochairperson Hatch moved approval of the rules, as amended to incorporate all suggestions. The motion was adopted on a voice vote.

Cochairperson Carroll also suggested the council consider holding monthly meetings during the initial implementation period of the IowaCare program. Members agreed to consider the suggestion and to provide Ms. Funaro with the days available for meetings during October, November, and December.

Recess and Adjournment. The Council recessed for lunch at 12:20 p.m. and reconvened at Broadlawns Medical Center, fourth floor, at 1:55 p.m. The meeting was adjourned at 3:08 p.m. followed by a tour of the medical center.

II. Presentation by the Department of Human Services (DHS).

Overview. DHS Director Kevin Concannon, Medicaid Director Gene Gessow, and Assistant Medicaid Director Jennifer Vermeer presented a status report regarding the IowaCare program. DHS provided a notebook of background materials, a PowerPoint presentation, information on IowaCare enrollment as of August 26, 2005, a listing describing types of IowaCare telephone call inquiries received, an overview of IowaCare reporting requirements, information on Medicaid program waiver slots, a copy of a letter to the administrator of the

Centers for Medicare and Medicaid Services regional office regarding Iowa's pending state Medicaid plan amendment request and related material, and information regarding clinical evidence on changing unhealthy behavior.

Mr. Gessow commented on the DHS commitment to providing public access to information during the program change process, noting all materials will be available on the DHS internet site: http://www.ime.state.ia.us/IowaCare/. The department representatives discussed federal approval of the waiver to establish IowaCare, the implementation plan, and various aspects of the program.

Purpose. Director Concannon explained that the IowaCare program was designed to address the reduction in federal revenues of $65 million due to elimination of intergovernmental transfers, with the added advantage of implementing a limited expansion of the Medicaid program which includes promotion of prevention, healthy activities, and personal responsibility. The program provides a limited set of benefits but does not require the individual to meet categorical eligibility requirements. Services under the program are accessed through a limited number of providers. Eligibility for the program is limited to individuals 19 through 64 years of age with incomes not in excess of 200 percent of the federal poverty level. Director Concannon noted that approximately $12.9 million of the federal funding reduction could not be replaced through implementation of IowaCare. Implementation of the program required a lengthy process involving passage of 2005 Iowa Acts, House File 841 after extensive legislative debate, approval by the Governor, and extensive negotiations to gain federal approval. The presenters emphasized that the IowaCare program has many new components to implement.

Federal Approval Changes. Director Concannon noted that the federal government insisted on some changes that are reflected in the final agreement. There will be a phase-down in the provision of federal matching funds for physical health care provided to patients of the State Mental Health Institutes (MHIs) after the first three and one-half years, a slight change in the funding mechanism for the Health Care Transformation Account, and an agreement to address the proposal for an increase in the nursing facility level of care as a state plan amendment for the Medicaid program instead of as part of the waiver for the IowaCare program.

Provider Payments. Director Concannon explained that the three provider entities, the University of Iowa Hospitals and Clinics (UIHC), Broadlawns Medical Center (BMC), and the four MHIS are receiving 12 monthly payments over the course of the year as participants in the IowaCare Program. The amounts appropriated to UIHC and the MHIs for FY 2006 are intended to equal the amount appropriated for indigent care at those facilities for FY 2005. The amount paid to BMC is $3 million more than the amount of property tax revenue generated for the county hospital and being transferred to the IowaCare account for the program. The UIHC, BMC, and MHIs all continue to have the responsibility of providing indigent health care independent of the IowaCare program.

Implementation Plan. The major phases of the implementation plan for July 1 through October 1, 2005, were addressed. During this period, DHS is providing planning items to the federal government, enrolling program clients, responding to queries from clients and providers, operationalizing the Iowa Medicaid enterprise, and enrolling children in the children's mental health waiver. A copy of a letter sent to the federal regional office in Kansas City was distributed explaining why Iowa is seeking a Medicaid state plan amendment rather than a waiver to address nursing facility level of care changes.

There was significant discussion of the implementation planning for October 1, 2005, through March 1, 2006. During this period, implementation planning will address the Mental Health Transformation Pilot Project, mental retardation/developmental disabilities physical health coverage and case mix reimbursement, transition for the DHS Medicaid enterprise to operate more like a managed care organization (MCO), research needs, and performance reporting. DHS is working on many items, including collection of evidence-based research as the basis for implementing health promotion components to address smoking cessation and weight loss.

Member Questions:

- **MHI Physical Health Care.** Representative Heaton asked DHS to review reimbursement rates for Medicaid waiver services, suggesting there had not been a rate increase for 12 years and expressing concern that the rates may cause a reduction in the quantity of providers. He asked about the phase out of the physical health coverage of MHI patients after three and one-half years. Mr. Gessow explained that the federal government has a strong interest in deinstitutionalization and had broadly hinted that federal funding could possibly continue if the state can implement an effective managed care approach. Director Concannon related that while Iowa has a relatively low proportion of very acute care beds in an MHI setting, the proportion is much higher for less acute care beds. Director Gessow clarified that approximately 97 percent of MHI placements are related to involuntary commitments and DHS is working on options to address this.
- **Provider Contacts.** Representative Heaton said that some providers are concerned that if services were provided that are not covered by IowaCare, the provider will not be reimbursed. Mr. Gessow agreed. Ms. Vermeer noted that explanatory mailings had been sent to providers and other mailings are planned.
- **Pharmaceutical Benefit.** Representative Heaton asked about pharmaceutical coverage under IowaCare which is much more limited than in the regular Medicaid program and under the former State Papers program. Mr. Gessow said the legislation limits the IowaCare pharmaceutical benefit, but noted that an individual IowaCare client who transitions from the State Papers program will continue to receive the same pharmaceutical benefit as that provided under the State Papers program. Also, implementation of benefits under Medicare Part D beginning in January 2006 will help to address the limitation.

- **Children's Dental Benefit.** Representative Heaton expressed concern about the cost of finding a dental home for children as required by the legislation. Mr. Gessow noted that the legislation allowed a three-year time frame to fully implement this provision for children under the age of 12.
- **Prescription Drugs.** Representative Upmeyer asked whether implementation of the Prescription Partnership will be useful to persons with low income. Mr. Gessow agreed, noting that DHS is working on this with Iowa Insurance Commissioner Susan Voss.
- **Provider Rate Increases.** In response to a question from Representative Upmeyer regarding the effect of the pending Medicaid state plan amendment request to increase Medicaid Program provider rates, Mr. Gessow explained that as with such increases in prior years, rate increases cannot be made until federal approval of the state plan amendment is received. Any reimbursement adjustment approved will be made retroactive to July 1, 2005. Providers will not be required to resubmit billings to receive the adjustment. Mr. Gessow offered that due to the nature of the managed care contract with Magellan for mental health treatment, DHS cannot directly supply the 3 percent increase to providers contracting with Magellan. However, DHS has worked with actuaries and Magellan to determine that Magellan will be able to provide that increase to its providers without necessitating an increase in its payment from the state.
- **Information Requests.** Cochairperson Hatch identified these areas of interest for information: detailed trend information on patients who will no longer be able to receive medications for obesity, chronic pain, and insomnia; DHS reporting on working with the safety net providers collaborative on sharing or referring patients; continued focus on finalizing the chapter 28E agreement with Broadlawns Medical Center; and enrollment trends that provide detailed information regarding the effects of IowaCare on patients previously enrolled in the State Papers program, new patients, and the health status of State Papers program patients who have not enrolled in IowaCare.
- **Mental Health Treatment.** Representative Smith noted the growing efficacy of treating various mental health maladies with prescription drugs and expressed concern about the limits of the IowaCare prescription drug benefit. Mr. Gessow said DHS plans to provide information to legislators as the program is implemented in order to quantify coverage gaps. Representative Smith expressed concern about the shortage of psychiatric beds and psychiatric providers in the state and that the shortage may be exacerbated if psychiatrists, advanced registered nurse practitioners specializing in psychiatry, and other psychiatric practitioners do not receive the 3 percent reimbursement increase enjoyed by other providers. Mr. Gessow explained that these may be delayed due to the pending federal approval of the state plan amendment or the work with Magellan.
- **Transportation to University of Iowa Hospitals and Clinics (UIHC).** Senator Tinsman noted the importance of providing transportation to IowaCare patients to UIHC. An agreement has been reached for UIHC to continue to provide transportation for IowaCare patients.

- **Health Transformation Account.** Mr. Gessow also discussed federal changes made as a result of negotiation of the IowaCare waiver, noting that the state had hoped to set aside $40 million for health care transformation but the final figure is closer to $32 million.

III. Iowa Collaborative Safety Net Providers Network Presentation.

Overview. Director Mary Hansen, Iowa Department of Public Health, provided an update of the Iowa Collaborative Safety Net Providers Network along with network director Mr. Ted Boesen. The network was established in 2005 Iowa Acts, House File 825, which also provided a $1.1 million appropriation. Of the appropriation, $650,000 is to be used as incubator funding to assist a program in Dubuque to become a Federally Qualified Health Center (FQHC) look-alike which will enable the program to receive federal cost-based reimbursement, and $450,000 was awarded to the Iowa/Nebraska Primary Care Association to develop and administer an Iowa collaborative safety net provider network. This will enable community health centers, rural health clinics, and free clinics to develop data-sharing methods and provide a framework for collaboration among safety net providers. In addition, $25,000 will be used for evaluation purposes. The network will begin operations on October 1 for a nine-month period. A steering group that includes Senator Amanda Ragan and Representative Upmeyer is working on strategies to address chronic care problems.

Member Question. Cochairperson Hatch is particularly interested in receiving updates concerning the numbers of new applicants associated with implementation of the network. He noted that it is important to track how this assist others who may want to use Iowa's model. Director Hansen emphasized the importance of addressing chronic disease and learning from successful models such as that used by rural health clinics.

IV. University of Iowa Hospitals and Clinics (UIHC).

Overview. Dr. Stacey Cyphert, Special Advisor to the President for Health Science Government Relations, UIHC, provided information about the UIHC experience as one of the IowaCare providers.

Implementation Highlights. Dr. Cyphert discussed the elimination of the State Papers program, which was established in 1915, shifting of funding to IowaCare, and the differences between the State Papers program and the new IowaCare program. Highlights discussed concerning implementation of the IowaCare program include:

- UIHC has entered into a chapter 28E agreement with DHS specifying the duties of UIHC and DHS under that agreement.
- A workgroup is to be established to address care of patients at state institutions for which UIHC retained responsibility under H.F. 841.
- UIHC has established an IowaCare assistance center to assist patients and providers.

- DHS sent a letter to all State Papers patients to inform them of the new program and that if they had an appointment scheduled in July or August 2005, or if they had an ongoing or chronic need for care, they were to apply for the IowaCare program and could continue to receive care. For those with a chronic condition, care will continue to be provided for that condition, the patient will not be subject to payment of premiums, and care includes pharmaceuticals and durable medical equipment necessary for treatment of the condition.
- Dr. Cyphert identified prescription drugs and durable medical equipment that were previously covered under the State Papers program but have limited or no coverage under IowaCare.
- As of July 26, 2005, 7,425 applications for IowaCare and Chronic Care patients had been approved. In 48 of Iowa's counties, the number of patients enrolled meets or exceeds the state papers and orthopedic papers utilized in FY 2004, and the number enrolled in IowaCare is 162 percent of the FY 2004 utilization of the State Papers program.
- Of the number of IowaCare enrollees, 69 percent have not scheduled an appointment at UIHC. So far, 88 patients have received services.
- UIHC estimates the value of physician services donated to IowaCare at $4.3 million, plus donated hospital services valued at $10.2 million.

Member Questions.

- Representative Berry asked about the process used to determine whether a patient is a resident of this state and asked for this information to be updated for future meetings.
- It was noted that the program covers prescription drugs during inpatient treatment and a 10-day supply upon discharge. Senator Ragan asked whether there is a referral made upon discharge to a pharmaceutical program, to which Dr. Cyphert replied in the affirmative. She noted that the program covers transportation needs but asked whether there is coverage of costs associated with overnight stays. Dr. Cyphert said that it took a while to implement the transportation coverage and UIHC is trying to avoid the need for overnight stay as there is not coverage for that.
- Cochairperson Tinsman noted that the cost of daily round-trip transportation could be more expensive than providing for the overnight stay. Dr. Cyphert said the UIHC legal counsel had advised that providing lodging could be considered an inducement for care and thus illegal under the Medicaid program. Cochairperson Tinsman inquired whether DHS could provide a voucher to address the lodging need. Mr. Gessow agreed to look into the issue.

UIHC Recommendations. Dr. Cyphert recommended that the Council consider expanding the pharmaceutical benefit for enrollees, permit coverage of durable medical equipment, verify enrollment information to minimize fraudulent expenditures, more clearly specify psychiatric coverage, and continue to closely monitor the program.

V. Broadlawns Medical Center (BMC).

Overview. Mr. Heath Bell, Vice President, Chief Information Officer; Ms. Mikki Stier, Senior Vice President, Government and External Relations; Mr. Al White, Senior Vice President, Business Services, and Mr. Gary Uhl, Vice President, Financial Services, BMC, presented information regarding BMC as a provider under the IowaCare program.

Community Care Program. Mr. Bell began by describing the BMC Community Care program, which is a tax-supported medical program for the uninsured who are residents of Polk County. The program is a payer of last resort and the BMC financial counseling department administers the program. Prior to July 1, 2005, the program covered individuals with income up to 500 percent of the federal poverty level, with those over 200 percent of the poverty level being subject to cost-sharing based on a sliding fee scale. Beginning July 1, 2005, BMC began requiring any BMC patient who is part of the Community Care program with a poverty level up to 200 percent to enroll in IowaCare. Community Care program services not provided under IowaCare may still be provided to the individual. Approximately 64 percent of BMC clients do not identify any form of health coverage, so at BMC, determining eligibility for coverage programs is a priority.

IowaCare Program at BMC. According to Mr. Bell, any patient enrolling in the IowaCare program at BMC is still required to verify that the person is a U.S. citizen or legal alien, is a resident of Polk County, and has an income between 0 and 200 percent of the poverty level. BMC's charter states that the facility is to provide care and services to residents of Polk County. The Polk County property tax levy provides only for provision of services to such residents, and the current tax levy is inadequate to fully fund the services. Mr. Bell described the circumstances under which BMC will provide services to out-of-county residents, the population accessing IowaCare, and the benefits provided.

BMC Concerns. BMC's concerns with IowaCare include what to do when the enrollment and care provided exceed the cost allocation used for the Community Care program, the need for assurance that the transport of patients with care needs that cannot be met by BMC to UIHC will continue, and the need for translation services.

Member Questions.

- **IowaCare Screening.** In response to a question from Senator Angelo, Mr. Bell explained that all existing Community Care program participants were screened for eligibility for IowaCare and that approximately 95 percent were determined to be eligible.
- **Proof Requirements.** Cochairperson Carroll asked about the documentation used to determine income eligibility and county residence status. Paystubs and verification of unemployment status from the Department of Workforce Development are typically used along with a utility bill or landlord letter to verify residency.
- **UIHC Transfers.** Cochairperson Hatch asked whether arrangements have been negotiated for transferring BMC patients to UIHC. Ms. Stier said that an agreement on this has not been finalized.

- **Inmates.** Senator Dvorsky asked whether there is BMC financial liability for health care provided to a Polk County resident who is an inmate of a correctional facility. It was explained that BMC is not responsible for these patients.
- **Enrollment Figures.** Cochairperson Carroll asked about the numbers of individuals enrolled. BMC staff reported that BMC projects enrollment of 8,900 individuals out of 14,000 statewide. Mr. Gessow confirmed that this figure is close to the DHS projections.
- **Premium Payments.** Cochairperson Tinsman asked for clarification of the discussion that a client could be enrolled for a period of 90 days without paying the premium before being disenrolled for nonpayment. Mr. Gessow explained that a client is billed for the sliding scale premium upon enrollment but there is a period of time before payment must be remitted. Some are concerned that around the end of September a number of enrollees, many of whom did not previously have a premium payment under prior programs, will be disenrolled. Mr. Gessow noted the program allows enrollees to claim a hardship exemption from the premium payment requirements if they are unable to pay.
- **Payment Method.** Cochairperson Hatch and Representative Berry inquired about the method of payment of the monthly premium. Mr. Gessow explained that personal checks and money orders may be accepted by DHS, but not cash. Concern was expressed that the enrollee could not make this payment through the provider. Senator Ragan inquired whether any charitable groups have offered to pay premiums on behalf of enrollees. Mr. Gessow was unaware of any.
- **Hardship Exemption.** Senator Angelo expressed concern that if an enrollee does not have to verify lack of ability to pay, there will be abuses.
- **Areas of Concern.** In response to a question from Senator Tinsman, Mr. White clarified that BMC has concerns regarding the costs of providing language translation services to additional enrollees; the need for billing DHS when there was no prior need or system to do so; and the ability of the BMC technology installed in 1994 to continue functioning with new applications.

Chapter 28E Agreement. Cochairperson Hatch expressed a desire for council members to perform close scrutiny if the Chapter 28E agreement between DHS and BMC is not concluded by the next council meeting. Ms. Stier and BMC lobbyist Mr. Mark Joyce discussed the remaining areas of negotiation involving assurances regarding BMC responsibility for persons who are not residents of Polk County and for BMC to receive payment regardless of the status of claims.

Claims and Premium Payments. Cochairperson Carroll verified that DHS is not yet able to receive claims electronically. Mr. Gessow explained that DHS is starting to receive test files. Cochairperson Carroll emphasized the importance of enrollees making a personal investment in their health care by paying a premium and expressed understanding that it is a new responsibility for the populations served. He offered the ideas that legislators could perhaps assist by providing a letter encouraging payment and that the program should strongly

emphasize the program benefits to enrollees. Senator Dvorsky noted that it took a significant period of time for the public to become knowledgeable regarding the hawk-i program.

BMC Recommendations. BMC's recommendations to the Council include that operationalization of any new components of IowaCare should be a collaborative process among BMC, UIHC, and DHS; DHS performing income verification under the IowaCare program would increase efficiency; and resolution is needed regarding the issue of payment of additional administrative costs resulting from IowaCare. BMC is continuing to work with the office of the Attorney General to finalize its chapter 28E agreement with DHS.

VI. Tour.

Following adjournment, the members of the Council were provided a tour of Broadlawns Medical Center. A packet of materials regarding Broadlawns Medical Center was distributed and is on file with the Legislative Services Agency.

VII. Next Meeting.

The next meeting of the Council will be held in October. The date and location of the meeting are to be announced.

VIII. Materials Distributed and on File With the Legislative Services Agency — Legal Division.

The following documents were distributed to members in connection with the meeting and can be accessed through the Council internet page:
http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=70

1. A Medicaid Reform Implementation notebook prepared by the Department of Human Services.
2. Procedural business materials distributed by the Legislative Services Agency, including the council membership list, authorizing legislation, and rules of procedure.
3. PowerPoint presentation slides and other materials prepared by the Department of Human Services.
4. PowerPoint presentation slides distributed by the University of Iowa Hospitals and Clinics.
5. An update concerning safety net providers distributed by the Iowa Department of Public Health.
6. PowerPoint presentation slides distributed by Broadlawns Medical Center.

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